



DEPARTMENT OF ENERGY

Western Area Power Administration

Falcon and Amistad Projects' Rate Order No. WAPA-164

AGENCY: Western Area Power Administration (Western), DOE.

ACTION: Notice of extension.

SUMMARY: This action is to extend the existing Falcon and Amistad Projects' Firm Power Rate Formula, established in Rate Order No WAPA-143, through June 7, 2019. The Falcon and Amistad Projects' Firm Power Rate Formula is set to expire June 7, 2014.

DATES: The rate formula extension will become effective on an interim basis June 8, 2014, and will remain interim until the Federal Energy Regulatory Commission (FERC) confirms, approves, and places the rate formula into effect on a final basis through June 7, 2019, or until superseded.

FOR FURTHER INFORMATION CONTACT: Ms. Lynn C. Jeka, Colorado River Storage Project (CRSP) Manager, Colorado River Storage Project Management Center, Western Area Power Administration, 150 East Social Hall Avenue, Suite 300, Salt Lake City, UT 84111-1580, (801) 524-6372, e-mail jeka@wapa.gov, or Mr. Rodney Bailey, Power Marketing Manager, Colorado River Storage Project Management Center, Western Area Power Administration, 150 East Social Hall Avenue, Suite 300, Salt Lake City, UT 84111-1580, (801) 524-4007, e-mail rbailey@wapa.gov.

SUPPLEMENTARY INFORMATION: By Delegation Order No. 00-037.00A, the Secretary of Energy delegated: (1) the authority to develop power and transmission rates to the Administrator of Western; (2) the authority to confirm, approve, and place in effect such rates on an interim basis to the Deputy Secretary of the Department of Energy (DOE); and (3) the

authority to confirm and approve on a final basis or to disapprove rates developed by the Administrator under the delegation to FERC. This extension is issued pursuant to the Delegation Order and DOE rate extension procedures at 10 CFR 903-23(a).

The Falcon and Amistad Dams are features of international water storage projects located on the Rio Grande River between Texas and Mexico. Under the terms of Contract No. 7-07-50-P0890 (Contract), dated August 9, 1977, as amended, Western markets the power from these dams to South Texas Electric Cooperative, Inc. (STEC). The power rate formula of the Contract was approved by the Federal Power Commission (FPC), predecessor to FERC, in Docket No. E-9566 on August 12, 1977 (59 FPC 1653), for a 5-year period effective on the date of initial operation of Amistad Power Plant, June 8, 1983.¹

According to article 9(a) of the Contract, Western calculates the annual installment to be paid by the Customer for the power generated at the Falcon and Amistad power plants on or before August 31 of the year proceeding the fiscal year to which it pertains and identifies this amount in a revised Exhibit A to the Contract. Each annual installment pays the annual amortized portion of the United States' investment in the Falcon and Amistad hydroelectric facilities with interest, and the associated operation, maintenance, and administrative costs. This repayment schedule is not dependent upon the power and energy made available for sale or the rate of generation each year.

Following review of Western's proposal within the Department of Energy, I hereby approve, on an interim basis, Rate Order No. WAPA-164, which extends, without adjustment, the existing

¹ A 5-year rate extension of this same rate formula through June 7, 1993, was approved by FERC on July 20, 1988, at 44 FERC ¶ 62,058. Subsequent 5-year extensions of the rate formula have been approved by FERC. The most recent approval was on December 17, 2009, in Docket No. EF09-5101-000, which approved the same rate formula through June 7, 2014 (129 FERC ¶ 62,206).

Falcon and Amistad Projects' Power Rate Formula through June 7, 2019.² The rate formula will be promptly submitted to FERC for confirmation and approval on a final basis.

Dated: April 28, 2014.

Daniel B. Poneman,
Deputy Secretary of Energy.

² Western's proposal published on February 21, 2014 (79 FR 9897).

DEPARTMENT OF ENERGY
DEPUTY SECRETARY

In the matter of:)	
)	
Western Area Power Administration)	
Extension for)	Rate Order No. WAPA-164
Falcon and Amistad Projects')	
Power Rate Formula)	
)	

ORDER CONFIRMING AND APPROVING AN EXTENSION
OF THE FALCON AND AMISTAD PROJECTS' POWER RATE FORMULA

This Power Rate Formula extension was established following section 302 of the Department of Energy (DOE) Organization Act (42 U.S.C. 7152). This Act transferred to and vested in the Secretary of Energy the power marketing functions of the Secretary of the Department of the Interior and the Bureau of Reclamation (Reclamation) under the Reclamation Act of 1902 (ch. 1093, 32 Stat. 388), as amended and supplemented by subsequent laws, particularly section 9(c) of the Reclamation Act of 1939 (43 U.S.C. 485h(c)), and other acts that specifically apply to the project involved.

By Delegation Order No. 00-037.00A, the Secretary of Energy delegated: (1) the authority to develop power and transmission rates to the Administrator of the Western Area Power Administration (Western); (2) the authority to confirm, approve, and place in effect such rates on an interim basis to the Deputy Secretary of Energy; and (3) the authority to confirm and approve on a final basis or to disapprove rates developed by the Administrator under the delegation to the Federal Energy Regulatory Commission (FERC). This extension is issued pursuant to the Delegation Order and DOE rate extension procedures at 10 CFR 903-23(a).

BACKGROUND

On December 17, 2009, in Docket No. EF09-5101-000, FERC confirmed, approved, and

placed into effect on a final basis the Falcon and Amistad Projects' Power Rate Formula, Rate Order No. WAPA-143. FERC approved the Power Rate Formula for 5 years beginning June 8, 2009, through June 7, 2014. On February 21, 2014, pursuant to 10 CFR 903.23(a), Western filed a notice in the Federal Register proposing to extend, without adjustment, Falcon and Amistad Projects' Power Rate Formula as Rate Order No. WAPA-164. Consistent with its regulations at 10 CFR 903.23(a), Western did not hold a consultation and comment period. Instead, Western stated its intent, via certified letter to South Texas Electric Cooperative, Inc (Customer), to extend the current Power Rate formula and received no adverse reactions.

DISCUSSION

On June 7, 2014, Western's Falcon and Amistad Projects' Power Rate Formula expires. The Power Rate Formula, calculated annually and based on 2 years of data, includes the projected costs of the rate installment year (future fiscal year) and an adjustment from the last historic fiscal year. The adjustment is the surplus or deficit that occurs in the last historic fiscal year when actual costs and repayment obligations are subtracted from actual revenues. This surplus or deficit is combined with the projected rate installment year costs to arrive at the rate installment. This existing formula rate methodology collects annual revenue to recover annual expenses, including interest, capital requirements, and deficit recovery thus ensuring the Projects' repayment within the cost recovery criteria set forth in DOE Order RA 6120.2.

The requested extension period, under Rate Order No. WAPA-164, beginning on June 8, 2014, through June 7, 2019, includes no adjustment to the Power Rate Formula. Under the existing Power Rate Formula, the forecasted revenue for the period is \$35.5 million, an increase of \$4.2 million from the prior rate period, June 8, 2009, through June 7, 2014. The increase of

\$4.2 million includes over \$4 million of forecasted increase in Operation and Maintenance, ensuring repayment within the cost recovery criteria.

ORDER

In view of the foregoing and under the authority delegated to me, I confirm, approve, and place into effect on an interim basis an extension of the rate formula, effective June 8, 2014. The rate formula shall remain in effect on an interim basis, pending FERC's confirmation and approval of this or a substitute rate formula on a final basis, through June 7, 2019.

Dated: April 28, 2014.

Daniel B. Poneman,
Deputy Secretary of Energy.

BILLING CODE: 6450-01-P

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